

Montana Department of Agriculture Growth Through Agriculture Program

The "Montana Growth Through Agriculture Act" was created by the 1987 Legislature, 90-9-101, MCA, to strengthen and diversify Montana's agricultural industry by establishing a public-private sector partnership to assist in the development of innovative agricultural business organizational improvements and the commercialization and marketing of new agricultural products in order to keep pace with a transforming agricultural industry, and to create new jobs and expand small business opportunities.

The Act is administered by the Montana Agriculture Development Council, which is composed of seven members appointed by the Governor, including the directors of the department of agriculture and commerce, and five who are or have been actively engaged in agriculture. The council is allocated to the department for administrative purposes only.

The Agriculture Development Council, staff to administer the council activities, and administrative rules established to provide guidance and standard procedures are referred to as the Montana Growth Through Agriculture program. The administrative rules are located in 4.16.101 - 4.16.801 of the Administrative Rules of Montana. Per statute, grants or loans may not exceed \$50,000 in any one round of financing or a total amount may not exceed \$150,000 to any one company project. Matching funds are required 'equal to or greater than' the award amount.

Funds to meet the goals and objectives of the program are provided through three different funding sources, which are as follows:

1. The Coal Severance Tax Shared Account established in 15-35-108(3), MCA, allocates 5.46% of the coal severance taxes collected from coal mines in Montana between the Montana State Library, the Department of Natural Resources & Conservation, and the Montana Growth Through Agriculture Act. These dollars are appropriated by the legislature to the Montana Department of Agriculture Coal Severance Tax Shared Account (02340) in House Bill 2, for a program manager, operating costs, grants, and return on investment deferred loans. Principal from loan repayments is deposited back into the Coal Severance Tax Shared fund; and as required by statute, any funds in the account above the appropriated amounts at fiscal year end are returned by the Department of Revenue to the general fund;
2. The Seed Capital Account established in 90-9-301, MCA, is a state special revenue account (02132) statutorily appropriated to the Agriculture Development Council. Awards funded from the Seed Capital Account are return on investment deferred loans to projects attempting to develop agricultural products or processes based on innovative technologies which involve development and

commercialization of innovative agricultural products or processes (i.e. cellulosic ethanol production, bio-diesel production, etc). Both principal and interest repaid from these loans are deposited back into the Seed Capital Account. The funds may then be reinvested in new economic development loans by the Agricultural Development Council; and

3. The interest income from the Coal Severance Tax Permanent Fund, 15-35-108(8)(b)(ii), MCA, provides \$1.25 million to the Growth Through Agriculture Program to spur economic development in Montana's agricultural industry. This statutory appropriation made from the general fund (01100) was created in the May 2000 Special Session, and is scheduled to terminate (sunset) on June 30, 2010. Awards funded through this account are typically grants for projects requiring assistance with feasibility studies, business plans, marketing, advertising, and promotion. The program provides funding for three business development specialist positions, one administrative support position, and one position for summer interns; operating expenses; equipment; and grant and loan dollars for agricultural development projects or processes in order to strengthen and enhance the agricultural industry in the state. Principal from any loan repayments are deposited back into the general fund.

Type of Funding Source	FY 2006 Actual Expenditures	% Total		FY 2008 Projected Expenditures	FY 2009 Projected Expenditures	% Total
Coal Severance Tax Shared Account	\$ 508,514	30		\$ 625,609	\$ 623,591	32
Seed Capital Account	50,000	3		50,000	50,000	3
Coal Severance Tax Permanent Fund Interest	1,248,174	67		1,250,000	1,250,000	65
TOTAL	\$1,806,688	100		\$1,925,609	\$1,923,591	100

The program continues to grow. In fiscal year 2006, the Agriculture Development Council received 72 applications and awarded over 1.4 million in grants and loans to spur growth in our Montana agricultural industries.